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OFFICE OF CABLE TELEVISION COORDINATION
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POCKET FILE COPY ORIGINAL

May 21, 1996

Mr. James H. Quello
Commissioner
Federal Communications Commission
1919 M Street, NW, Room 802
Washington, DC 20554

Dear Commissioner Quello:

We are very concerned about claims by potential OVS providers that they can "pick and choose" what areas to serve because this may lead to discrimination and redlining that will result in minority, low income and growing areas of our nation's municipalities from being served by an OVS provider

We are particularly concerned about this where the OVS provider is the only land-line video provider. This may occur in a substantial number of our nation's communities, especially if cable operators are allowed to switch to becoming OVS providers (or through the provision of telephone service the cable operators claim they are entitled to provide OVS service). Also, the new Telecommunications Act allows telephone companies to buy out cable companies in certain situations; and the laws of economics may result in there being only one video/data/telephone provider in a given area, which could well be an OVS provider.

Thus there is a substantial risk that the Open Video System provider could be the only wired, land-line video provider in many areas. If such a monopoly OVS provider has no restraints on where and whom it serves, it is likely to discriminate against or fail to serve large segments of our population.

There have been discrimination/failure to serve problems even in the cable area. We are concerned that if the phone companies have no restraints there could be similar problems here, such as in inner city areas of Dade County. We are also concerned about the problem in lower density suburbs on the edge of urban areas where the OVS provider may claim there is not sufficient population density to warrant service.

Local governments have classically addressed this issue as a part of the just compensation they receive from cable companies for using public rights-of-way. The public, through the local government, is entitled to just compensation for the use of its property. This compensation includes not only money but requirements to serve all residents of a franchise area, or serve all areas with X dwelling units per mile in exchange for the use of public property.

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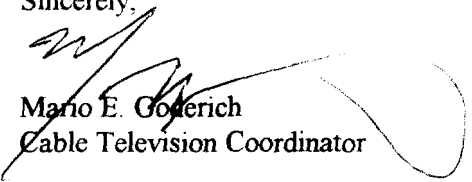
Mr. James H. Quello

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We strongly urge the Commission to prevent OVS from becoming a "redlining" service where large segments of our population cannot receive it. In this regard we urge you to consider and adopt in your OVS rules recommendations such as those set forth in the May 14 letter to the Cable Bureau from Counsel for Michigan, Indiana and Texas Communities (MIT Communities) which has specific recommendations for Commission action to prevent these problems from occurring. A copy of this letter is attached.

Per the Commission's *ex parte* rules, a copy of this letter is being provided to the Secretary for inclusion in the public record.

Sincerely,



Mario E. Goderich
Cable Television Coordinator

cc: Mr. Blair Levin, Chief of Staff for Chairman Hundt
Federal Communications Commission
1919 M Street, NW, Room 814, Washington, DC 20554

Ms. Suzanne Toller, Legal Advisor for Commissioner Chong
Federal Communications Commission
1919 M Street, NW, Room 844, Washington, DC 20554

Ms. Mary McManus, Legal Advisor to Commissioner Ness
Federal Communications Commission
1919 M Street, NW, Room 832
Washington, DC 20554

Mr. Willing F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222, Washington, DC 20554

Senator Bob Graham
United States Senate
524 Hart Senate Office Building
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May 21, 1996

Ms. Susan Ness
Commissioner
Federal Communications Commission
1919 M Street, NW, Room 832
Washington, DC 20554

Dear Commissioner Ness:

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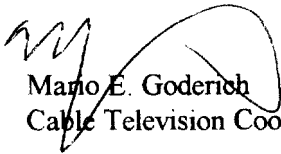
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May 21, 1996

Ms. Rachelle B. Chong
Commissioner
Federal Communications Commission
1919 M Street, NW, Room 844
Washington, DC 20554

Dear Commissioner Chong:

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Ms. Rachelle B. Chong

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Chairman
Federal Communications Commission
1919 M Street, NW, Room 814
Washington, DC 20554

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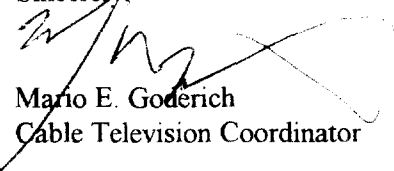
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